4TH QUARTER 2025

Argos Index®

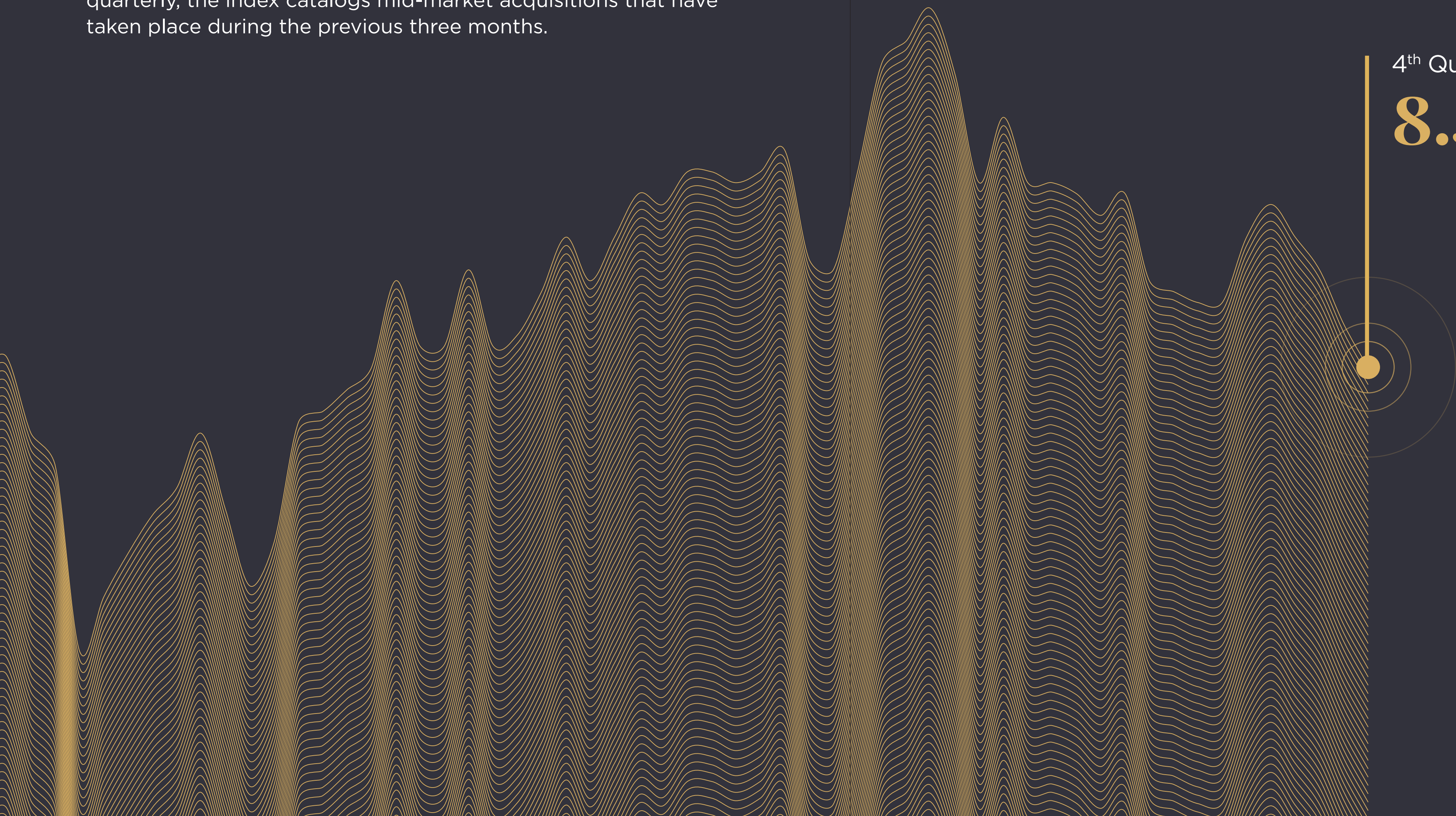
The mid-market reference

argos fund

Argos Index®

The mid-market reference

The Mid-market Argos Index® tracks the valuation of unlisted eurozone SMEs. The index was launched at the end of 2006 by Argos Fund and Epsilon Research, an online platform for managing M&A transactions on listed companies. Published quarterly, the index catalogs mid-market acquisitions that have taken place during the previous three months.



4th Quarter 2025

8.3x

“The Argos Index® was born out of the desire to create a database for the unlisted market that would be both methodologically robust and rich in high-quality information. Robustness is the index’s salient characteristic.”

Louis Godron,
Managing Partner, France

“When the CEO of a company wonders if now is the right time to sell, the Argos Index® supplies essential business cycle information and helps him or her make a decision. The Argos Index® derives its legitimacy from its longevity and independence.”

Frank Hermann,
Managing Partner, DACH

“If the Argos Index® is now a benchmark in Europe, it’s because we use information from our EMAT (Epsilon multiple Analysis Tool) database that has been proven to be reliable. The index has always been based on this methodology. We work meticulously, transaction by transaction, examining documents, analyzing annual reports, reconstituting transactions and building hypotheses.”

Grégoire Buisson,
Founder & CEO, Epsilon Research

Main conclusions

- The Argos Index® continued its downward trend, reaching 8.3x EBITDA, its lowest level since 2014.
- The Argos Index® is pulled down by the multiples drop of larger deals and by investment funds.
- The share of deals priced below 7.0x EBITDA stabilized at a high 27%, and those above 15x at a record-low 7%, underscoring persistent downward pressure on pricing.
- Mid-market M&A activity accelerated toward year-end, supported by lower valuations and improved alignment between buyers' and sellers' price expectations.
- Renewed activity on lower prices usually characterizes a market bottom.

01 | The Argos Index® continues its downward trend to 8.3x EBITDA, back to its 2014 level

The Argos Index® declined by a further 4.6% in Q4 2025 to 8.3x EBITDA, from 8.7x in Q3, reaching its lowest level since H1 2014. This decline was primarily driven by a sharp correction in the upper mid-market, where multiples fell by 22%, while valuations at the lower end of the market stabilized.

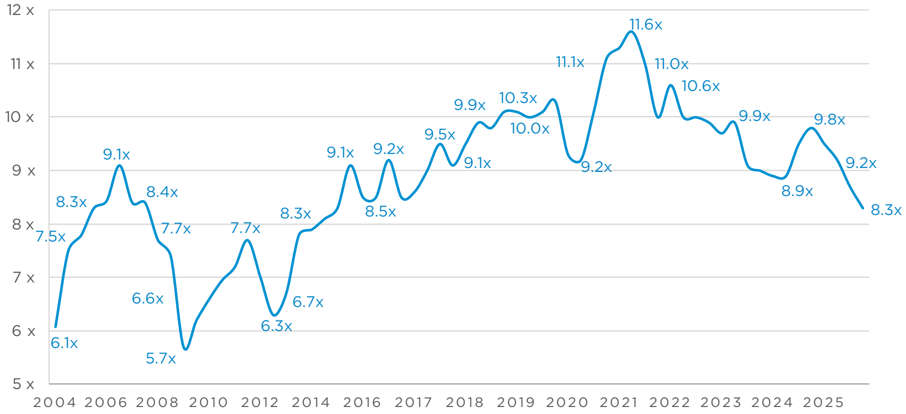
Downward pressure on pricing remained pronounced. The share of transactions priced below 7.0x EBITDA stayed at a record high of 27%, while deals above 15x EBITDA accounted for a record-low 7% of the sample, broadly unchanged from the previous quarter. This confirms a structurally more cautious pricing environment, with limited appetite for high-multiple transactions.

Pricing remained constrained by the macro-financial backdrop. Rising long-term interest rates(1) offset the impact of ECB policy rate cuts(2), with elevated term premia reflecting growing concerns over financial stability. Record sovereign debt levels, heightened geopolitical tensions, and uncertainty stemming from Donald Trump's unpredictable policies—including pressure on Fed independence and its implications for the dollar—continued to weigh on investor confidence and valuation assumptions.

Despite the troubled context, Mid-market M&A activity recovered meaningfully in H2 2025, with deal volumes up 30% versus H1 and 8% year-on-year. This rebound was supported by stronger-than-expected euro-zone fundamentals—controlled inflation, improving economic growth and corporate earnings—as well as the region's resilience in the face of aggressive U.S. trade policies. In addition, vendors progressively adjusted price expectations to the new market reality, helping to unlock stalled transactions and support deal flow.

(1) The 10y EU bond yields, calculated by the ECB, was up 6bp in Q4 (from 3.15% to 3.21%)
(2) ECB cut interest rates by more than 2 percentage points in 18 months (from 4.25% to 2.15%)

Argos Index® mid-market
Median EV/EBITDA multiple on a six-month rolling basis



Source : Argos Index® mid-market / Epsilon Research

02 | The Argos Index® is pulled down by investment funds

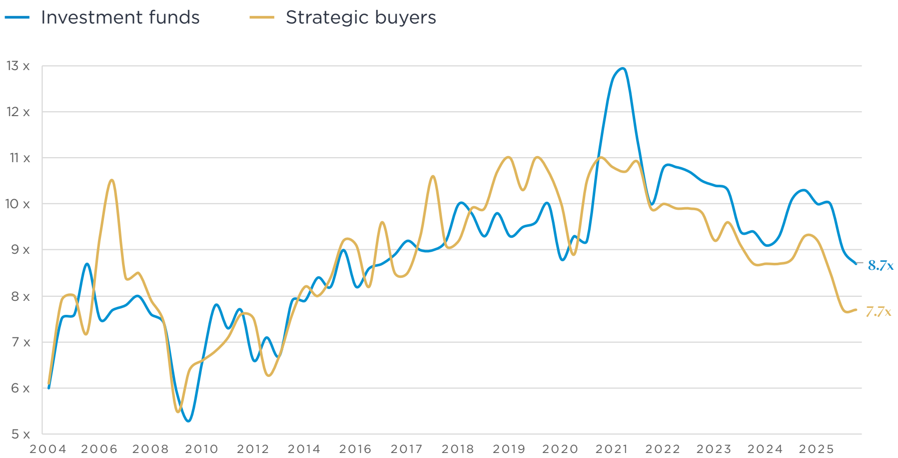
Multiples paid by investment funds declined further to 8.7x EBITDA in Q4, reflecting continued downward pressure as lenders and buyers remained cautious on leverage levels amid ongoing macroeconomic uncertainty. However mid-market LBO volumes rebounded strongly in H2 (+30%), in line with the broader M&A market. Steady financing availability supported LBO pipelines into year-end, while valuation gaps between buyers and sellers narrowed as prices continued to adjust downward.

[1] European private equity fund raising was down 45% in 2025 to €80.8bn, from €146.7bn (source: Pitchbook), though dry powder for private equity sponsors was still at a high €434.8bn (Source: CapitalQ)

In 2025, European private equity fundraising declined year-on-year[1], reflecting a challenging exit environment for legacy portfolios. While PE funds increasingly turned to alternative liquidity solutions such as dividend recapitalizations, NAV financings, minority sales, or continuation vehicles, mid-market exit activity regained momentum in H2, with volumes rising by 36%.

Multiples paid by strategic buyers stabilized at a low 7.7x EBITDA in Q4. While overall deal flow has gradually recovered, they have adjusted to ongoing macroeconomic and geopolitical headwinds. Their activity increasingly focused on targeted, value-accretive acquisitions—particularly in technology, digital, business services, and other resilient sectors—executed at lower multiples, with a record share of transactions priced below 7.0x EBITDA. At the same time, the sustained rally in public equity markets since early 2025[2] continued to support high-premium strategic transactions, as corporates reshape their portfolios via divestitures and strategic asset sales.

Enterprise value / historical EBITDA



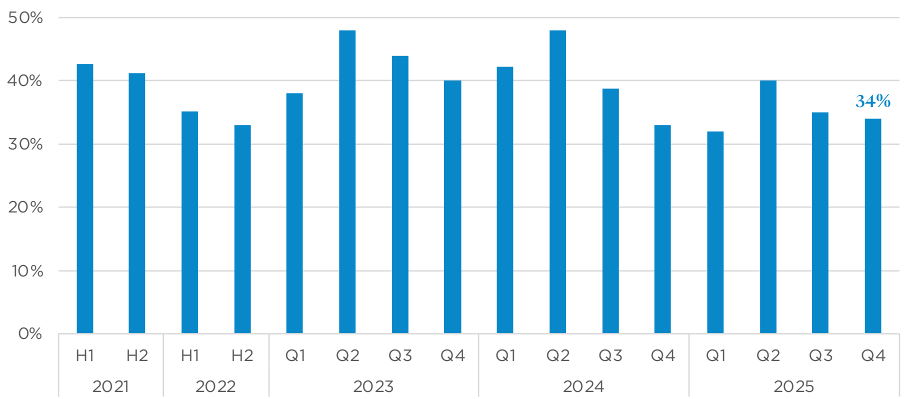
Source : Argos Index® mid-market / Epsilon Research

[2] The EURO STOXX TMI Small Index is up 3.7% in Q4 and 22.8% since 1st Jan. 2025

03 | Record lows of transactions above 15x EBITDA

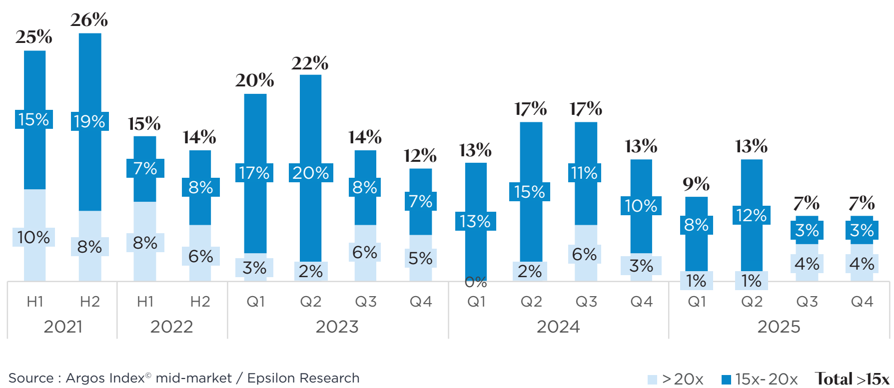
In Q4 2025, transactions at the extremes accounted for 34% of the index sample, in line with the last quarter, reflecting a record-low share of >15x deals alongside a high proportion of low-end transactions priced below 7.0x EBITDA

Share of transactions at extreme multiples (<7x and >15x EBITDA)



Source : Argos Index® mid-market / Epsilon Research

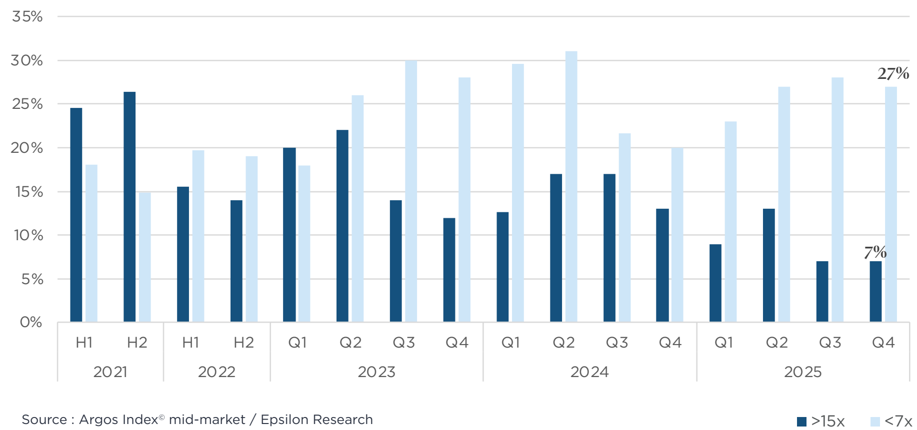
Share of transactions at multiples >15x EBITDA Argos Index® sample



Source : Argos Index® mid-market / Epsilon Research

Transactions priced below 7.0x EBITDA account for 27% of the sample, highlighting persistent downward pressure on valuations.

Share of transactions at multiples <7x and >15x EBITDA Argos Index® sample



Source : Argos Index® mid-market / Epsilon Research

04 | The M&A mid-market activity accelerated at year end

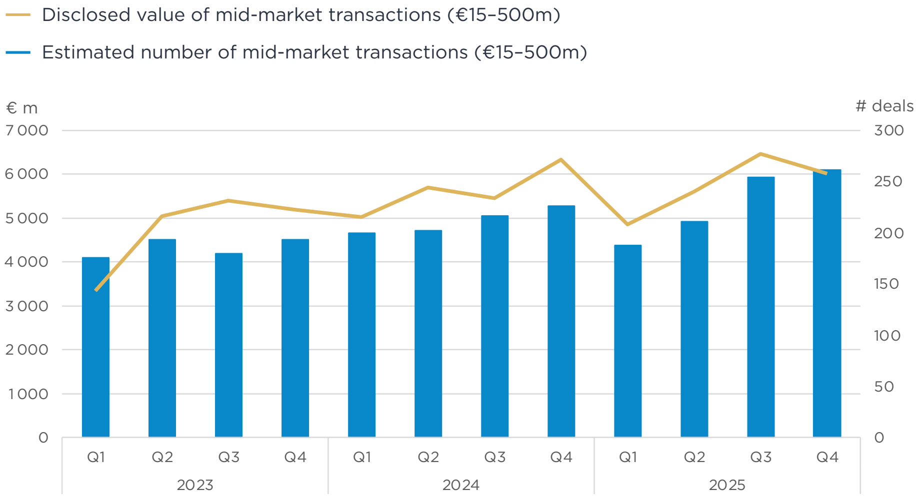
Euro-zone mid-market M&A activity showed a clear improvement in H2 2025, with deal volume rising by 30% compared to H1, and the estimated number of transactions exceeding 500—the highest level since H2 2018. For the full year, deal volume increased by 8% versus 2024, underpinned by lower transaction prices and a gradual improvement in market sentiment.

The euro-zone M&A market benefited from stronger fundamentals: better-than-expected economic growth[1], easing inflation, and a more accommodative monetary environment that supported financing conditions. The region demonstrated resilience in the face of Donald Trump's aggressive trade policies and adventurous foreign policy.

[1] In 2025, GDP increased by 1.5% in the euro area (vs. +1.3% expected by the European Commission), and by 0.3% in Q4.

However, the euro-zone recovery lagged the global M&A market, where overall deal value increased 48% in 2025[2]. Geopolitical risk, high energy prices, and France's unusual political situation continue to weigh on the activity. In H2, mid-market M&A volume growth was lower in France (+8%) than in other euro-zone markets: Germany (+25%), Italy (+43%), Spain-Portugal (+42%), and other euro-zone countries (+71%).

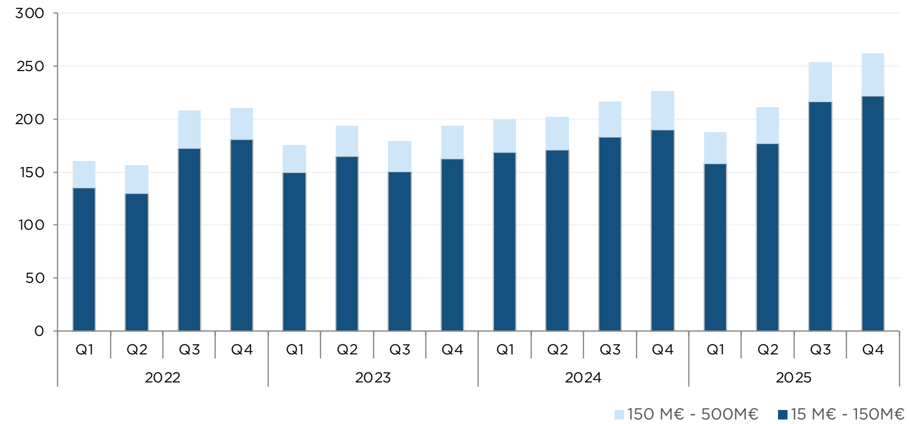
Eurozone mid-market activity (€15–500m) in volume (# deals) and value



Source : Argos Index® mid-market / Epsilon Research

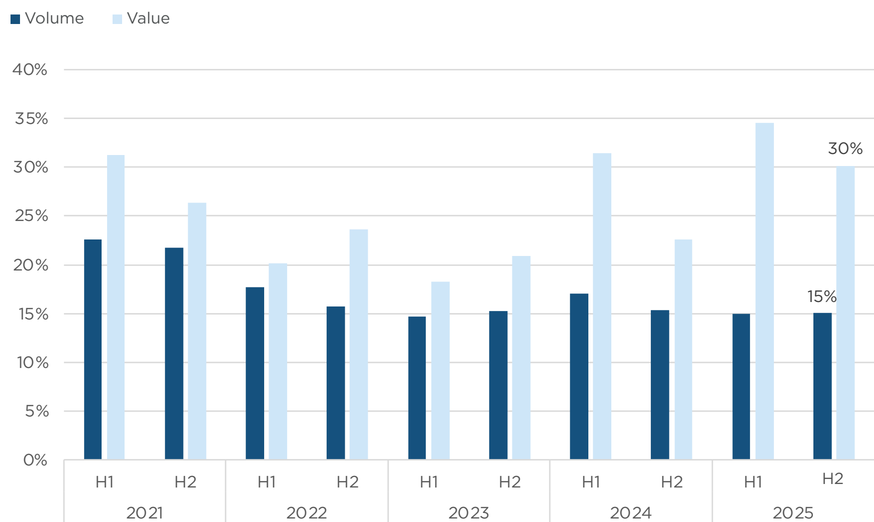
[2] M&A activity grew 48% to $4.58tn according to LSEG, in Les Echos, 05.01.2026

Eurozone mid-market activity (€15–500m) in volume and value



Investment fund activity growth was in line with the broader M&A market. Their share[1] of mid-market M&A in H2 remained stable at 15% in deal count – a very stable market share since 2022.

Share of LBO in Eurozone Mid-market M&A



Source : Epsilon Research / MarketIQ

[1] Does not include build-ups

All on the Argos Index®

The Argos index® mid-market

The Argos Index® Mid-market tracks the valuation of unlisted eurozone SMEs. The index was launched at the end of 2006 by Argos Fund and Epsilon Research, an online platform for managing M&A transactions on listed companies. Published quarterly, the index catalogs mid-market acquisitions that have taken place during the previous three months.

The index serves as a benchmark for all participants in the unlisted market. It is based on a rigorous methodology and a detailed, individual analysis of each transaction, including the structure of the transaction, the company's business activity (restated financial information) and transaction multiples. The index is calculated using data from Epsilon Research's EMAT (Epsilon Multiple Analysis Tool) database, which is based on analyses of more than 10 000 M&A transactions.

Every quarter, based on reliable financial information, Epsilon Research analyzes in detail around 25% of the transactions that meet the criteria for inclusion in the index: acquisition of a majority stake in a eurozone company whose book value is between €15 and €500 million.

Argos Fund

One firm, two strategies. Argos is an independent European private equity group that supports the growth of mid-sized businesses and backs their management teams.

With over 2.3bn€ assets under management, 35 years of experience and more than 100 businesses assisted, Argos operates in 4 regions (Benelux, DACH, France et Italy) from 6 offices in Amsterdam, Brussels, Frankfurt, Luxembourg, Milan and Paris. The group seeks to acquire majority stakes and invests between €15m and €100m in each investment of its two strategies:

- The Argos Mid-Market fund unlocks business potential and helps companies make it to the next level.
- The Argos Climate Action fund (SFDR art. 9) aims at shaping European sustainable leaders by making their 'grey-to-green' transition.

Epsilon research

Epsilon Research has developed the leading professional online platform for the management of unlisted M&A transactions. The platform includes data, analysis reports, software tools and services that are essential for evaluating and managing unlisted investments:

- The EMAT database of European transaction multiples, with detailed analysis of over 10,000 M&A deals covering all industry sectors;
- Indices and studies published regularly by Epsilon, including the Argos Index®;
- A tool for evaluating the portfolios of private equity funds;
- Cloud-based M&A CRM and project management software;
- An online dataroom for SME transactions.

Contacts

Louis Godron
Pierre Cassignol
Argos Fund
lgo@argos.fund
pca@argos.fund

Coralie Cornet
Head of Communications
ccc@argos.fund

Grégoire Buisson
Epsilon Research
gregoire.buisson@epsilon-research.com

France
112, av. de Wagram
75017 Paris

Italy
Piazza Diaz 5
20122 Milan

Germany
Neue Mainzer Str. 52-58
60311 Frankfurt am Main

Switzerland
114 rue du Rhône
1204 Genève

Belgium
Av. Louise – Bt. 2
1050 Bruxelles

Luxembourg
1-A rue Jean Piret
2350 Luxembourg

Amsterdam
Officia I (4th floor)
De Boelelaan 7
1083 HJ, Amsterdam
The Netherlands

argos.fund